

Securities and Exchange Commission

§ 210.6-02

Schedule I—Condensed financial information of registrant. The schedule prescribed by § 210.12-04 shall be filed when the restricted net assets (§210.4-08(e)(3)) of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. For purposes of the above test, restricted net assets of consolidated subsidiaries shall mean that amount of the registrant's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiaries in the form of loans, advances or cash dividends without the consent of a third party (i.e., lender, regulatory agency, foreign government, etc.). Where restrictions on the amount of funds which may be loaned or advanced differ from the amount restricted as to transfer in the form of cash dividends, the amount least restrictive to the subsidiary shall be used. Redeemable preferred stocks (§210.5-02.28) and minority interests shall be deducted in computing net assets for purposes of this test.

Schedule II—Valuation and qualifying accounts. The schedule prescribed by § 210.12-09 shall be filed in support of valuation and qualifying accounts included in each balance sheet but not included in Schedule VI. (See § 210.4-02.)

Schedule III—Real estate and accumulated depreciation. The schedule prescribed by § 210.12-28 shall be filed for real estate (and the related accumulated depreciation) held by persons a substantial portion of whose business is that of acquiring and holding for investment real estate or interests in real estate, or interests in other persons a substantial portion of whose business is that of acquiring and holding real estate or interests in real estate for investment. Real estate used in the business shall be excluded from the schedule.

Schedule IV—Mortgage loans on real estate. The schedule prescribed by § 210.12-29 shall be filed by persons specified under Schedule XI for investments in mortgage loans on real estate.

Schedule V—Supplemental Information Concerning Property-casualty Insurance Operations. The schedule prescribed by § 210.12-18 shall be filed when a registrant, its subsidiaries or 50%-or-less-owned equity basis investees, have liabilities for property-casualty ("P/C") insurance claims. The required information shall be presented as of the same dates and for the same periods for which the information is reflected in the audited consolidated financial statements required by §§ 210.3-01 and 3-02. The schedule may be omitted if reserves for unpaid P/C claims and claims adjustment expenses of the registrant and its consolidated subsidiaries, its unconsolidated subsidiaries and its 50%-or-less-owned equity basis investees did

not, in the aggregate, exceed one-half of common stockholders' equity of the registrant and its consolidated subsidiaries as of the beginning of the fiscal year. For purposes of this test only the proportionate share of the registrant and its other subsidiaries in the reserves for unpaid claims and claim adjustment expenses of 50%-or-less-owned equity basis investees taken in the aggregate after intercompany eliminations shall be taken into account.

[45 FR 63671, Sept. 25, 1980, as amended at 46 FR 48137, Oct. 1, 1981; 46 FR 56180, Nov. 16, 1981; 49 FR 47598, Dec. 6, 1984; 50 FR 25215, June 18, 1985; 59 FR 65636, Dec. 20, 1994]

REGISTERED INVESTMENT COMPANIES

SOURCE: Sections 210.6-01 to 210.6-10 appear at 47 FR 56838, Dec. 21, 1982, unless otherwise noted.

§ 210.6-01 Application of §§ 210.6-01 to 210.6-10.

Sections 210.6-01 to 210.6-10 shall be applicable to financial statements filed for registered investment companies.

§ 210.6-02 Definition of certain terms.

The following terms shall have the meaning indicated in this rule unless the context otherwise requires. (Also see § 210.1-02 of this part.)

(a) *Affiliate.* The term *affiliate* means an *affiliated person* as defined in section 2(a)(3) of the Investment Company Act of 1940 unless otherwise indicated. The term *control* has the meaning in section 2(a)(9) of that Act.

(b) *Value.* As used in §§ 210.6-01 to 210.6-10, the term *value* shall have the meaning given in section 2(a)(41)(B) of the Investment Company Act of 1940.

(c) *Balance sheets; statements of net assets.* As used in §§ 210.6-01 to 210.6-10, the term *balance sheets* shall include statements of assets and liabilities as well as statements of net assets unless the context clearly indicates the contrary.

(d) *Qualified assets.* (1) For companies issuing face-amount certificates subsequent to December 31, 1940 under the provisions of section 28 of the Investment Company Act of 1940, the term *qualified assets* means qualified investments as that term is defined in section 28(b) of the Act. A statement to that effect shall be made in the balance sheet.

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(2) For other companies, the term *qualified assets* means cash and investments which such companies do maintain or are required, by applicable governing legal instruments, to maintain in respect of outstanding face-amount certificates.

(3) Loans to certificate holders may be included as qualified assets in an amount not in excess of certificate reserves carried on the books of account in respect of each individual certificate upon which the loans were made.

§ 210.6-03 Special rules of general application to registered investment companies.

The financial statements filed for persons to which §§ 210.6-01 to 210.6-10 are applicable shall be prepared in accordance with the following special rules in addition to the general rules in §§ 210.1-01 to 210.4-10 (Articles 1, 2, 3, and 4). Where the requirements of a special rule differ from those prescribed in a general rule, the requirements of the special rule shall be met.

(a) *Content of financial statements.* The financial statements shall be prepared in accordance with the requirements of this part (Regulation S-X) notwithstanding any provision of the articles of incorporation, trust indenture or other governing legal instruments specifying certain accounting procedures inconsistent with those required in §§ 210.6-01 to 210.6-10.

(b) *Audited financial statements.* Where, under Article 3 of this part, financial statements are required to be audited, the independent accountant shall have been selected and ratified in accordance with section 32 of the Investment Company Act of 1940.

(c) *Consolidated and combined statements.* (1) Consolidated and combined statements filed for registered investment companies shall be prepared in accordance with §§ 210.3A-01 to 210.3A-05 (Article 3A) except that (i) statements of the registrant may be consolidated only with the statements of subsidiaries which are investment companies; (ii) a consolidated statement of the registrant and any of its investment company subsidiaries shall not be filed unless accompanied by a consolidating statement which sets forth the individual statements of each signifi-

cant subsidiary included in the consolidated statement: *Provided, however,* That a consolidating statement need not be filed if all included subsidiaries are totally held; and (iii) consolidated or combined statements filed for subsidiaries not consolidated with the registrant shall not include any investment companies unless accompanied by consolidating or combining statements which set forth the individual statements of each included investment company which is a significant subsidiary.

(2) If consolidating or combining statements are filed, the amounts included under each caption in which financial data pertaining to affiliates is required to be furnished shall be subdivided to show separately the amounts: (i) Eliminated in consolidation; and (ii) not eliminated in consolidation.

(d) *Valuation of assets.* The balance sheets of registered investment companies, other than issuers of face-amount certificates, shall reflect all investments at value, with the aggregate cost of each category of investment reported under §§ 210.6-04.1, 6-04.2 and 6-04.3 and of the total investments reported under § 210.6-04.4 or § 210.6-05.1 shown parenthetically. State in a note the methods used in determining value of investments. As required by section 28(b) of the Investment Company Act of 1940, *qualified assets* of face-amount certificate companies shall be valued in accordance with certain provisions of the Code of the District of Columbia. For guidance as to valuation of securities, see §§ 404.03 to 404.05 of the Codification of Financial Reporting Policies.

(e) *Qualified assets.* State in a note the nature of any investments and other assets maintained or required to be maintained, by applicable legal instruments, in respect of outstanding face-amount certificates. If the nature of the qualifying assets and amount thereof are not subject to the provisions of section 28 of the Investment Company Act of 1940, a statement to that effect shall be made.

(f) *Restricted securities.* State in a note unless disclosed elsewhere the following information as to investment securities which cannot be offered for